

Dear Mr. Secretary and members of the Board;

I had the opportunity to attend the session in Tulare on July 2nd. It was very interesting to see the varying viewpoints on agriculture in California and its potential future. What I did not hear was a promising future for farmers. I am convinced that the only way to preserve agriculture is to grow more farmers. Not employees on corporate farms but real land owning farmers. There are many true farmers in the citizenry of our state that will never become farmers due to financial and regulatory burdens. The financial and regulatory burdens are nearly impossible for the average person to overcome.

California is not kind to new farmers. Land prices are high and farming by nature is not a high profit margin industry. It is nearly impossible for an individual to save enough for a down payment, farming costs and a minimum of equipment to survive the random bad year.

Today's farmer cannot start small. Smaller acreage properties are extremely high priced, potential home site value inflates the cost. Commercial applicators and equipment operators favor large corporate farms. The little guy waits for service. There are no discounts for agricultural chemicals for small orders. The same kind of class separation is prevalent in the fruit handling industry as well. If treated unfairly the little grower will make little impact if he changes handlers.

Purchase of a farm is very difficult. Commercial interest rates are high, repayment terms are short and down payments are high. Servicing the debt is a real struggle. There are government programs for first-time farmers, but they are not very accessible. A buyer that has good credit and a sound business plan will get the commercial lender's loan. The risk is that a young farmer has put all of their savings into the purchase and operating costs of the farm. If a natural disaster or unusually poor market occurs during startup, servicing the higher commercial debt is impossible.

Insurance and disaster aid programs do not adequately cover new farmers. A new farmer may buy existing coverage but may have difficulty obtaining new coverage. Private insurance is most often highly specific in coverage and very expensive. The popular multi-peril coverage has an application deadline in the fall prior to the covered crop year. If the new farmer purchases or leases a farm after the deadline, coverage is not available. Due to the application deadline and the rules for calculating coverage, the new farmer, I am referring to tree crops here, may be forced to under insure for three seasons. A natural disaster during this time will bankrupt the first time farmer.

Disaster Aid, for example the Citrus Freeze of 2007, is nothing more than free cash for the corporate farms. Coverage is only extended to those who were insured. The first time farmer may be under insured or not insured due to deadlines. There is no evaluation of need in this program. A well insured farm would not need aid. There is no assessment of the farmers' ability to obtain coverage. Was it a situation of insurer's policy or a history of not buying by the farmer?

There was a group that talked about the migrant and low educated citizen workers. Some of these workers could farm circles around many in the industry today. These people would never be able to save enough to buy decent farmland. There are programs for this group also. The leaders of these groups never mention the desire of their people to shift from paid labor to farmer. Do they not want to make that shift or do they perceive it as an opportunity out of reach.

California cannot afford to ban any more agri-chemicals. There must be common sense when regulating the use of these materials. There are materials that are perfectly safe when used correctly that we no longer are able to use. “Junk” science and emotion must not lead the decision making process. We need all available materials to be able to efficiently address insecticide resistance, invasive pests and potential new crops. Banning chemicals is not the answer. No material that is safe when used correctly should be eliminated due to perceived risk. Even dangerous materials may be needed at times to protect an industry. Maybe agriculture should follow the medical industry with “physicians” and “pharmacists”. Separate sales from prescription.

I am one of those first time farmers. I have been in the citrus industry for 20 years as a licensed Pest Control Advisor. In 2006 I jumped in, taking my entire life savings to buy an orchard. I had leased this property for 3 years prior to be sure that it would produce what it should. It had been an investment property that got little attention, producing minimal yields. When the freeze occurred in January of 2007 I lost 80% of my fruit. Insurance for that crop was purchased in October of 2005 based upon yields prior to 2004. Although I can prove that yields for this orchard have tripled, Disaster Aid did not cover me because the insurance was below the 20% that I did harvest. I attempted to apply for the emergency operating loans, knowing that the lower interest rate and longer terms were going to be easier to cover in a less than stellar market. Instead, my commercial lender looked at me with my good credit and history in the industry gave me the loan, at twice the interest rate and one third the length of term. The industry had one of its’ largest crops thus lowest carton return. I will have a difficult time servicing my debt this season. The odd weather during this season’s bloom affected yields significantly. I am the first generation of this farming family, and maybe its last.

To protect farmland, and the industry itself, more land owning farmers need to be brought into the industry. The corporate farm is nothing more than a real estate holding entity. Farming comes second to the asset, and there is no pride in production. The new farmers are young with little assets to get started. They need the help. Many have gone to work in corporate situations only to get burned out and discouraged. There must be a workable solution that allows for public-private partnerships that will finance young farmers, with low rates and long terms. The ultra rich and their boutique wineries are not indicative of the new California farmer. We need the individual that doesn’t mind a little mud and will grow less glamorous crops like tomato or alfalfa.

Thank you,
Robert Walther